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Presentment Date: October 4, 2016  
Time: 12:00 p.m.

Objections Due: October 4, 2016  
Time: 11:30 a.m.

*Attorneys for Irving H. Picard, Trustee for the  
Substantively Consolidated SIPA Liquidation of  
Bernard L. Madoff Investment Securities LLC  
and the Estate of Bernard L. Madoff*

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES INVESTOR PROTECTION  
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT  
SECURITIES LLC,

Defendant.

In re:

BERNARD L. MADOFF,

Debtor.

Adv. Pro. No. 08-01789 (SMB)

SIPA Liquidation

(Substantively Consolidated)

**TRUSTEE'S APPLICATION FOR AN ORDER APPROVING  
THE RETENTION OF THE LAW OFFICES OF PAUL RICHARD KARAN  
AS SPECIAL COUNSEL NUNC PRO TUNC AS OF SEPTEMBER 1, 2016**

Irving H. Picard ("Trustee"), as trustee for the substantively consolidated liquidation of Bernard L. Madoff Investment Securities LLC ("BLMIS"), under the Securities Investor Protection Act, 15 U.S.C. §§ 78aaa, *et seq.* ("SIPA"),<sup>1</sup> and the chapter 7 estate of Bernard L. Madoff (together, the "Debtor"), by and through his undersigned counsel, for his Application

(the “Application”) for authority to retain The Law Offices of Paul Richard Karan as special counsel as of September 1, 2016, respectfully represents as follows:

### **Jurisdiction**

1. This Court has jurisdiction over this Application pursuant to SIPA section 78eee(b) and 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue of this SIPA liquidation case and this Application are proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory predicates for the relief sought herein are section 78eee(b)(3) of SIPA and sections 327(e), 328, 329 and 330 of the Bankruptcy Code and Fed. R. Bankr. P. 2014.

### **Background**

3. On December 11, 2008 (the “Filing Date”),<sup>2</sup> the Securities and Exchange Commission (“SEC”) filed a complaint in the United States District Court for the Southern District of New York against defendants Bernard L. Madoff and BLMIS (together, the “Defendants”) (No. 08 CV 10791). The complaint alleged that the Defendants engaged in fraud through investment advisor activities of BLMIS.

4. On December 12, 2008, the Honorable Louis L. Stanton of the United States District Court for the Southern District of New York entered an order which appointed Lee S. Richards, Esq., as receiver (the “Receiver”).

5. On December 15, 2008, Judge Stanton entered an order pursuant to SIPA (the “Protective Decree”), which, in pertinent part:

- a) appointed the Trustee for the liquidation of the business of BLMIS pursuant to section 78eee(b)(3) of SIPA;

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<sup>1</sup> For convenience, future reference to SIPA will not include “15 U.S.C.”

<sup>2</sup> See section 78lll(7)(B) of SIPA.

- b) appointed Baker & Hostetler LLP as counsel (“Counsel”) to the Trustee pursuant to section 78eee(b)(3) of SIPA; and
- c) removed the case to this Bankruptcy Court pursuant to section 78eee(b)(4) of SIPA.

6. Certain issues have arisen in the Trustee’s claims that require knowledge of New York probate, trusts and estates law. In this regard, on June 17, 2015, the Court approved the Trustee’s application to retain Tarter Krinsky & Drogin LLP (“Tarter Krinsky”) to replace Spizz Cohen & Serchuk, P.C. (“SCS”) as special probate, trusts, and estates litigation counsel with regard to any adversary proceeding commenced by the Trustee that requires legal advice on these matters or representation in the New York State Surrogate’s Court. ECF No. 10197. Paul Richard Karan, Esq. was the primary attorney providing legal advice to the Trustee at both SCS and Tarter Krinsky. Tarter Krinsky and Mr. Karan ended their relationship on August 11, 2016. The Trustee deems it in the best interest of this SIPA liquidation proceeding to terminate his engagement with Tarter Krinsky and for Mr. Karan, now practicing as The Law Offices of Paul Richard Karan, to continue providing probate, trusts and estates legal advice to the Trustee.

#### **Relief Requested**

7. The Trustee has determined that it is necessary to continue to engage legal counsel to assist the Trustee with potential litigation in New York State Surrogate’s Court and to provide legal advice pertaining to probate, trusts and estates issues that may arise in any adversary proceeding commenced by the Trustee in this proceeding. Such legal counsel will enable the Trustee to carry out his duties in this SIPA liquidation proceeding. The Trustee, therefore, proposes to retain and employ The Law Offices of Paul Richard Karan as his special counsel with regard to any adversary proceeding that requires probate, trusts or estates legal advice effective *nunc pro tunc* as of September 1, 2016.

8. The Trustee seeks to retain The Law Offices of Paul Richard Karan as special counsel because of its knowledge and expertise in the probate, trusts, and estates laws of the State of New York and experience practicing before the New York State Surrogate's Court.

9. The services of The Law Offices of Paul Richard Karan are necessary and essential to enable the Trustee to execute faithfully his duties herein.

10. The Law Offices of Paul Richard Karan has indicated a willingness to act on the Trustee's behalf to render the foregoing professional services.

11. The Trustee also expects to achieve efficiencies in retaining The Law Offices of Paul Richard Karan because of Mr. Karan's prior knowledge and experience concerning the SIPA liquidation proceeding and various adversary proceedings commenced by the Trustee.

12. The Trustee submits that Law Offices of Paul Richard Karan's provision of professional services to the Trustee is permissible under section 78eee(b)(3) of SIPA and is in the best interest of the Debtor's estate and customers and creditors.

13. To the best of the Trustee's knowledge, and as disclosed in the declaration of disinterestedness of Mr. Karan, executed on September 26, 2016 and annexed hereto as Exhibit A, Mr. Karan is disinterested pursuant to section 78eee(b)(3) of SIPA and does not hold or represent any interest adverse to the Debtor's estate in respect of the matters for which The Law Offices of Paul Richard Karan is to be retained.

14. The Law Offices of Paul Richard Karan will be compensated at agreed upon rates, listed below, which reflect a reduction of its normal rates by ten percent (10%). Applications for compensation to The Law Offices of Paul Richard Karan will be filed with this Court pursuant to applicable statutes and rules and application orders of this Court. The Law Offices of Paul Richard Karan's rate information is as follows:

<b>Attorney</b>	<b>Standard Rates</b>	<b>Discounted Rates</b>
Paul Richard Karan	\$595.00	\$535.50
Associate	\$445.00 - \$295.00	\$400.50 - \$265.50
Paralegal	\$275.00 - \$225.00	\$247.50 - \$202.50

15. SIPC has no objection to this Application and, pursuant to SIPA section 78eee(b)(3), SIPC specifies that the Trustee should be authorized to retain The Law Offices of Paul Richard Karan as special counsel for the purposes identified herein.

**Notice**

16. Notice of this Application will be provided by U.S. Mail, postage prepaid or email to (i) all parties included in the Master Service List as defined in the Order Establishing Notice Procedures (ECF No. 4560); (ii) all parties that have filed a notice of appearance in this case; (iii) Tarter Krinsky; (iv) the SEC; (v) the IRS; (vi) the United States Attorney for the Southern District of New York; and (vii) SIPC, pursuant to the Order Establishing Notice Procedures (ECF No. 4560) (collectively, the “Notice Parties”). The Trustee submits that no other or further notice is required.

WHEREFORE, the Trustee respectfully requests that the Court enter an order substantially in the form of Exhibit B hereto, (a) granting this Application; (b) authorizing the Trustee to terminate the retention of Tarter Krinsky; (c) authorizing the Trustee to employ The Law Offices of Paul Richard Karan as special counsel for the purposes described herein as of September 1, 2016; (d) authorizing Tarter Krinsky to file a final fee application; and (e) granting the Trustee such other and further relief as is just and proper.

Dated: New York, New York  
September 26, 2016

Respectfully submitted,

/s/ Nicholas J. Cremona

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